

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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IN THE MATTER OF:

THE TARIFF APPLICATION OF)	
CINCINNATI BELL, INC., TO)	
ESTABLISH A CENTREX CO, ESSX-1)	CASE NO. 8851
AND ESS CO FEATURES RATE)	
STABILIZATION PLAN)	

O R D E R

On May 12, 1983, Cincinnati Bell, Inc., ("Bell") filed a tariff with the Commission proposing to establish stabilized rates through a modified 24-month Variable Term Payment Plan for customers using Centrex CO service, ESSX-1 service and optional ESS central office features. The rate stabilization plan will not apply to exchange access.

On June 2, 1983, the Commission suspended the tariff for 5 months after the proposed effective date of June 3, 1983.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. Centrex CO and ESSX-1 services are the object of intense competition from vendors of customer-provided equipment. As this customer base erodes, the general customer body will bear the burden of supporting the unused central office investment through higher rates in other areas of service until the investment can be utilized in alternative forms of service. The tariff would allow Bell the opportunity to compete more effectively with vendors of customer-provided equipment by

offering a currently unavailable incentive to applicable customers to retain these services. An enhanced competitive position would also allow Bell the opportunity to continue a greater level of central office utilization, which is beneficial to all consumers of telephone service.

2. The tariff should be approved. However, Bell should be required to prove in each general rate case during the life of the tariff that the frozen rates are compensatory and contribute a rate of return consistent with its authorized rate of return. If Bell is unable to satisfy this burden of proof, any revenue deficiency resulting from the frozen rates should not be considered in determining revenue requirements.

IT IS THEREFORE ORDERED that the tariff be and it hereby is approved, effective June 3, 1983.


IT IS FURTHER ORDERED that Bell shall file proof in each general rate case during the life of the tariff that the frozen rates are compensatory and contribute a rate of return consistent with its authorized rate of return.

Done at Frankfort, Kentucky, this 15th day of June, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary